

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:

RE Liquidation Corp, *et al.*¹,

Debtors.

Chapter 11

Case No. 19-11728-JKF

(Jointly Administered)

**DEBTORS' RESPONSE TO UNITED STATES TRUSTEE'S MOTION TO DISMISS OR
CONVERT TO CHAPTER 7**

RE Liquidation Corp, formerly, Reading Eagle Company, ("REC") and Radio Liquidation Corp., formerly WEEU Broadcasting Company ("WEEU"), debtors and debtors-in-possession (the "Debtors"), by their undersigned counsel, submit this response (the "Response") to the United States Trustee's ("UST") motion seeking entry of an order dismissing or converting the case pursuant to 11 U.S.C. §1112(b) (the "Motion"). [Docket No. 424].

BACKGROUND

1. After the filing of the Debtors' petitions for relief commencing these bankruptcy cases on March 20, 2019 (the "Petition Date"), the Debtors worked to sell the assets of the estates.

2. On April 2, 2019, the Court entered an Order Approving the Bidding and Sale Procedures. [Docket No. 115]

3. Following the procedures ordered by the Court, on May 22, 2019 the Court approved the Sale of REC's assets to MNG-RE Acquisition LLC. [Docket No. 254]

¹ The last four digits of Debtor RE Liquidation Corp's tax identification number are 3740. The last four digits of Debtor Radio Liquidation Corp's tax identification number are 8488.

4. On June 26, 2019 the Court entered an Order Approving the Sale of WEEU's assets to Twilight Broadcasting, Inc. [Docket No. 287]

5. On July 1, 2019, the Debtors filed and served the Notice of Sale Closing. [Docket Nos. 291 and 294]

6. Since the closing of the sales of the Debtors' assets the Debtors have worked to resolve any outstanding claims issues, including filing a *Motion for Order Pursuant to Section 503(a) of the Bankruptcy Code and Bankruptcy Rule 3003(c)(3) Fixing Final Date for Filing Requests for Payment of Certain Administrative Expenses In The Debtors' Chapter 11 Cases*. [Docket No. 341] The Court entered the *Amended Order Fixing the Final Date for Filing Requests for Payment of Certain Administrative Expenses in Debtor's Chapter 11 Case and Approving the Notice Thereof*, fixing October 21, 2019 as the deadline to file administrative claims (the "Administrative Expense Bar Date"). [Docket No 394]

7. Since the Administrative Expense Bar Date passed, Debtors have been working to reconcile and resolve all of the outstanding administrative claims.

8. On November 26, 2019, the UST filed the Motion citing the Debtors failure to file Monthly Operating Reports ("MORs") for the months of August, September and October. The UST noted that the MOR for November would be due prior to the hearing on this Motion.

9. The UST also cited the administrative insolvency and failure to pay fees due to the UST.

10. Since the filing of the Motion, the Debtors have filed the MORs for August and September. The Debtor is working to resolve all of the outstanding obligations prior to the hearing on the Motion, scheduled for January 7, 2020.

11. Regarding administrative insolvency, the Debtor has been working closely with BWH Media, LLC, the DIP lender and secured creditor to negotiate payment of allowed administrative claims.

12. While the Debtors are not contesting the outstanding obligations set forth in the Motion, the Debtors intend to correct the issues prior to the hearing on this Motion.

NOTICE

13. Notice of this Response has been or will be given to (a) the Office of the United States Trustee for the Eastern District of Pennsylvania; (b) counsel to the DIP Lender; and (c) all parties who, as of the filing of this Motion, have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

WHEREFORE, the Debtors respectfully request that the Court deny the Motion upon the Debtors' satisfaction of the outstanding MORs and UST fees.

Dated: December 10, 2019

STEVENS & LEE, P.C.

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